

2014 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to refinance certain outstanding bonds of the Pike Place Market Preservation and Development Authority and the Seattle Chinatown-International District Preservation and Development Authority, to carry out certain improvements to Benaroya Hall, and to pay the costs of issuance of the bonds; providing for certain terms, conditions and covenants and the manner of sale of the bonds; creating a bond fund; amending Ordinance 122553, Ordinance 123156, Ordinance No. 123480, Ordinance 123751 and Ordinance 124053; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation:

This legislation provides the legal authorization to issue up to \$93.5 million of Limited Tax General Obligation Bonds, as assumed in the 2014 Proposed Budget and the Proposed 2014-2019 Capital Improvement Program (CIP).

Although the Budget and CIP make specific assumptions about the use of debt financing for a certain share of the CIP, separate authorization for the issuance of bonds is technically required.

This bond sale is anticipated to occur in early to mid - 2014. The bond proceeds, combined with internally generated funds, will support a share of the City's general government capital program for about 12 months.

The bond sizing is based on the proposed budget and current cash-flow projections. The bond proceeds will also be used to pay issuance costs.

The City's Capital Improvement Program (CIP) identifies debt financing for certain projects and the City's budget appropriates the associated debt service. The table below lists the projects to be financed by the proceeds of 2014 LTGO bonds. Please see the City's Budget and CIP for information about these projects. Total debt service is expected to be about \$3.7 million in 2014 and \$13.3 million in 2015.

2014 LTGO Bond Issue

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service Adopted 2014	Debt Service Estimated 2015	Debt Service Funding Source
Mercer West	8,378,000	8,629,340	20	5.0%	323,600	692,441	SDOT (CPT) (2)
South Park Bridge	15,000,000	15,450,000	20	5.0%	579,375	1,239,748	GF
Waterfront ROW	5,000,000	5,150,000	20	5.0%	193,125	413,249	GF
North Precinct (2 of 3)	6,650,000	6,849,500	20	5.0%	256,856	549,622	GF
Critical Infrastructure - SMT	2,300,000	2,369,000	5	3.0%	53,303	517,282	FAS
Financial IT Upgrades (issue 2 of 3)	7,038,000	7,249,140	5	3.0%	163,106	1,582,883	FAS
Data Center Short (2a of 3)	18,200,000	18,746,000	5	3.0%	421,785	4,093,275	DoIT
Data Center Long (2b of 3)	8,000,000	8,240,000	10	4.0%	247,200	1,015,917	DoIT
IT-Electronic Records	3,000,000	3,090,000	5	3.0%	69,525	674,716	DoIT
IT-Computing Architecture	1,000,000	1,030,000	5	3.0%	23,175	224,905	DoIT
IT-Enterprise	2,170,000	2,235,100	5	3.0%	50,290	488,044	DoIT
Golf	5,561,000	5,727,830	20	5.0%	214,794	459,616	DPR
SCIDPDA Refinancing (2002 A& B)	4,325,000	4,454,750	18	Various	230,150	355,100	Int'l District PDA
Pike Place Market Refinancing (2002)	3,055,000	3,146,650	5	Various	836,100	821,200	Pike Place Market
Symphony Various Capital	1,100,000	1,133,000	10	3.0%	25,493	132,822	BHMC
Subtotal for 2014 Bonds	90,777,000	93,500,310			3,687,876	13,260,820	

(1) Includes 3% for costs of issuance and pricing adjustments.

(2) Proceeds from Bridging the Gap - Commercial Parking Tax receipts.

This ordinance includes authorization to provide financing of certain HVAC, sound, and lighting equipment for the Seattle Symphony and to refund (refinance) certain bonds issued by the Seattle Chinatown International District PDA and Pike Place Market. The City shall enter into repayment agreements with these agencies to pay all the debt service on these bonds.

Finally, this ordinance amends various other bond ordinances to reflect re-purposing of old bond proceeds.

Please check any of the following that apply:

☐ This legislation does not have any financial implications.

☒ This legislation has financial implications.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

The City will be obligated to pay annual debt service on these bonds through their term.

b) What is the financial cost of not implementing the legislation?

Financing these projects from cash would require identifying other funding sources and/or making large cuts in operating programs. Since most of the debt-financed capital

improvements have a long useful life and interest rates are currently low, it is more practical to spread the costs of these improvements over current and future beneficiaries by issuing bonds.

c) Does this legislation affect any departments besides the originating department?

This legislation affects Finance and Administrative Services (FAS), Seattle Department of Transportation (SDOT), Department of Parks and Recreation (DPR), (Department of Information Technology (DoIT), and the City Budget Office (CBO).

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

There are no obvious alternatives for most of the large capital projects. Cash financing of these projects would require identifying alternative large funding sources.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below:

None.